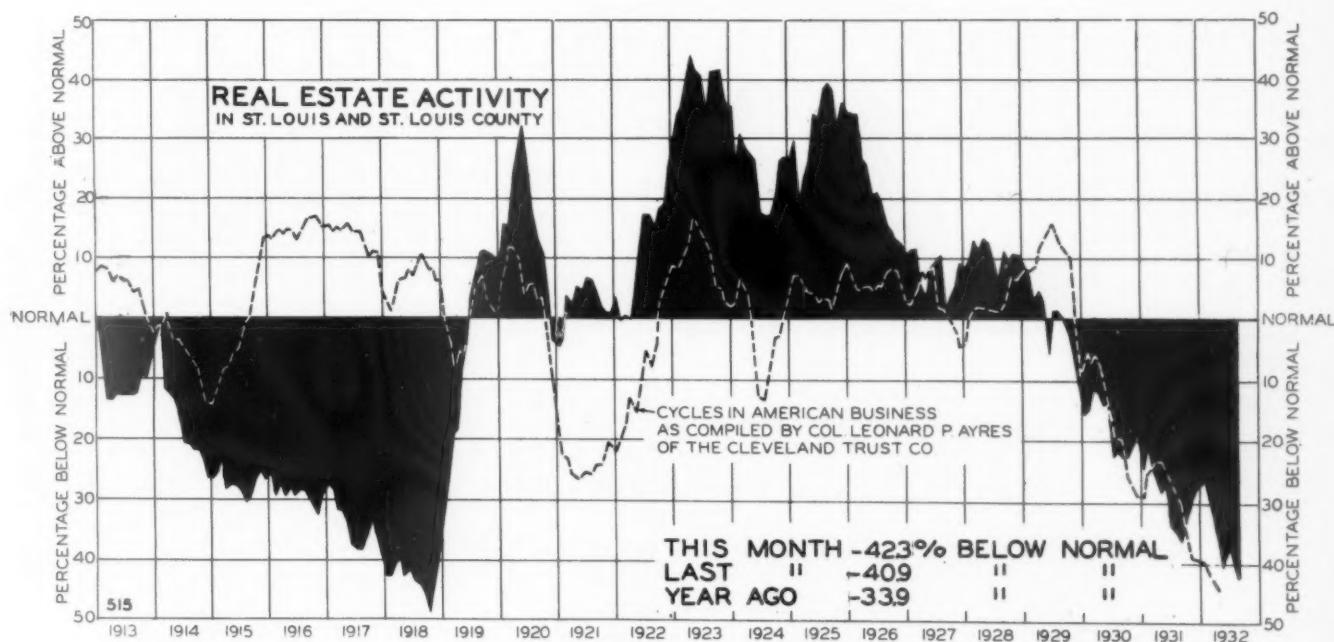




The Real Estate ANALYST

SAINT LOUIS EDITION



WHILE there is nothing in this month's developments in the real estate field to match the recent stock market rise, there are numerous indications that fundamental conditions necessary for recovery are improving rapidly.

Advertised single family dwelling rentals have increased for the third consecutive month and are now at a higher level than they were a year ago. Advertised apartment rentals also increased during the month.

Foreclosures went higher in number while they decreased in dollar volume. The very height of foreclosures is encouraging as debt must be liquidated before recovery can come and that part which cannot be liquidated by payment must be liquidated by foreclosure. The fact that the dollar volume of foreclosures has decreased sharply would indicate that a large part of this debt liquidation has now taken place and that many of the foreclosures now occurring are due to unemployment and the dwindling of earnings of the small holder of real estate. While these foreclosures are even more distressing than the larger ones, they are more quickly halted when general business improves.

THE MONTH'S CHANGES AT A GLANCE

The indicators at the bottom of the page will show at a glance the month's changes in conditions. The position of the arrow head shows the movement during the month - up indicating improvement and down, decline.

ACTIVITY	FORECLOSURES	CONSTRUCTION	APART. RENT	OTHER RENT	MARRIAGES
JUNE JULY AUG.					
↑ ↑ ↑	↑ → ↑	↑ ↓ ↑	↑ → ↑	↑ → ↑	↑ ↑ ↑

WHAT ABOUT CONSTRUCTION COSTS?

HERE have been many opinions about the decline in building costs during the past two years. There has been still greater uncertainty if the period of time is extended backward to 1926, 1913 or 1900. As far as Saint Louis residential construction goes, any opinions have been just guesses as no one has systematically compiled building costs on an identical building, item by item, over a period of years.

Realizing that the values of all buildings now standing are influenced to a very marked degree by the changes in their replacement cost, the Real Estate Analyst has started a complete study of residential construction costs. A partial report of this study is given in this issue, to be followed later by more detailed studies of various costs.

In order to avoid a purely theoretical index of building costs, an actual building, built in Saint Louis last year, was selected as a base for the study. This building, with floor plans, is shown on the opposite page. This particular building was selected, as there is nothing freakish about it. It represents a type of architecture which was quite proper seventy-five years ago and which will, in all probability, still be proper seventy-five years in the future. Like period furniture, it has a certain historical background which keeps it always in fashion, regardless of passing styles. It is also in the general price class which includes the largest number of modern single family free standing dwellings in the city.

All of the actual bills were secured and all materials and labor which went into this building have been carefully analyzed and tabulated. Each contractor and material dealer has been interviewed in an effort to make the figure as accurate as possible. The cost and description of each item was reduced to a basis which makes comparison with past years possible. As an example of how this was done, the amount of sand in the concrete footings, in the mortar for the stone foundation, in the bricklayer's mortar, in the plaster and in the cement floor, walks and steps, though each of these jobs was done by a different contractor who, in most cases, ordered his material from his favorite dealer, was added together and 59 $\frac{3}{4}$ tons of sand was the result. It then became quite simple to get from old bills of the material dealers, the actual prices billed per ton of sand and to figure the cost of the sand for the building for each year.

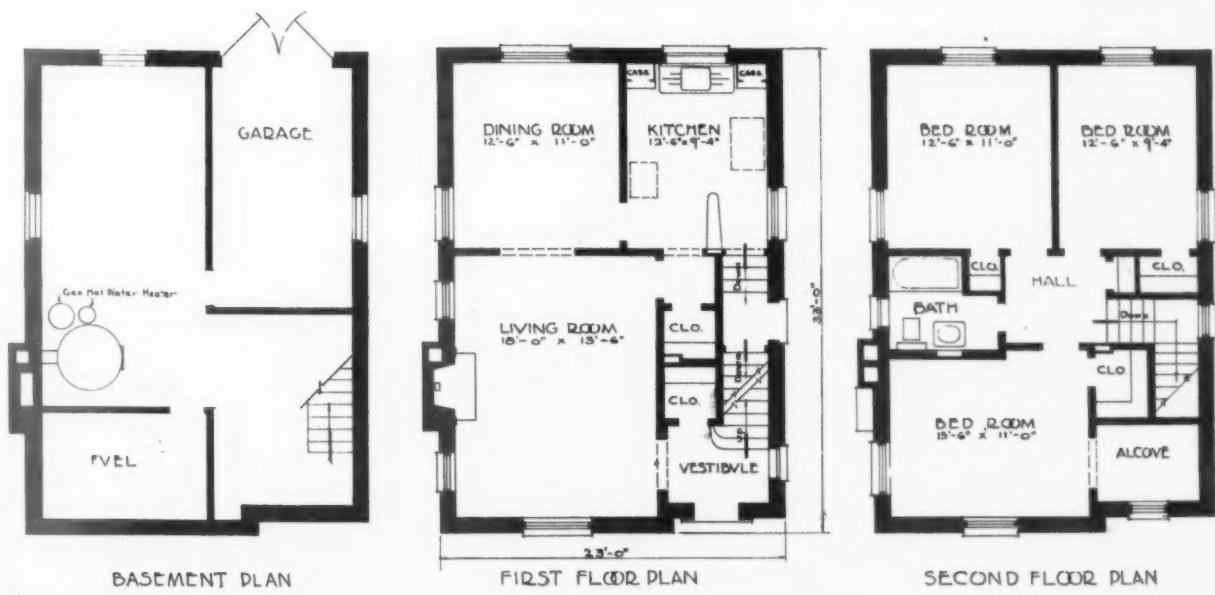
Each item in the house, even to the 80 feet of corner bead used in the plaster, has been handled in the same way. Some of these items have already been figured back to 1900. It is our aim to complete the entire index back to that date. The current construction cost of this house will be refigured each three months and the change in cost will be covered in detail in future issues of the Real Estate Analyst.

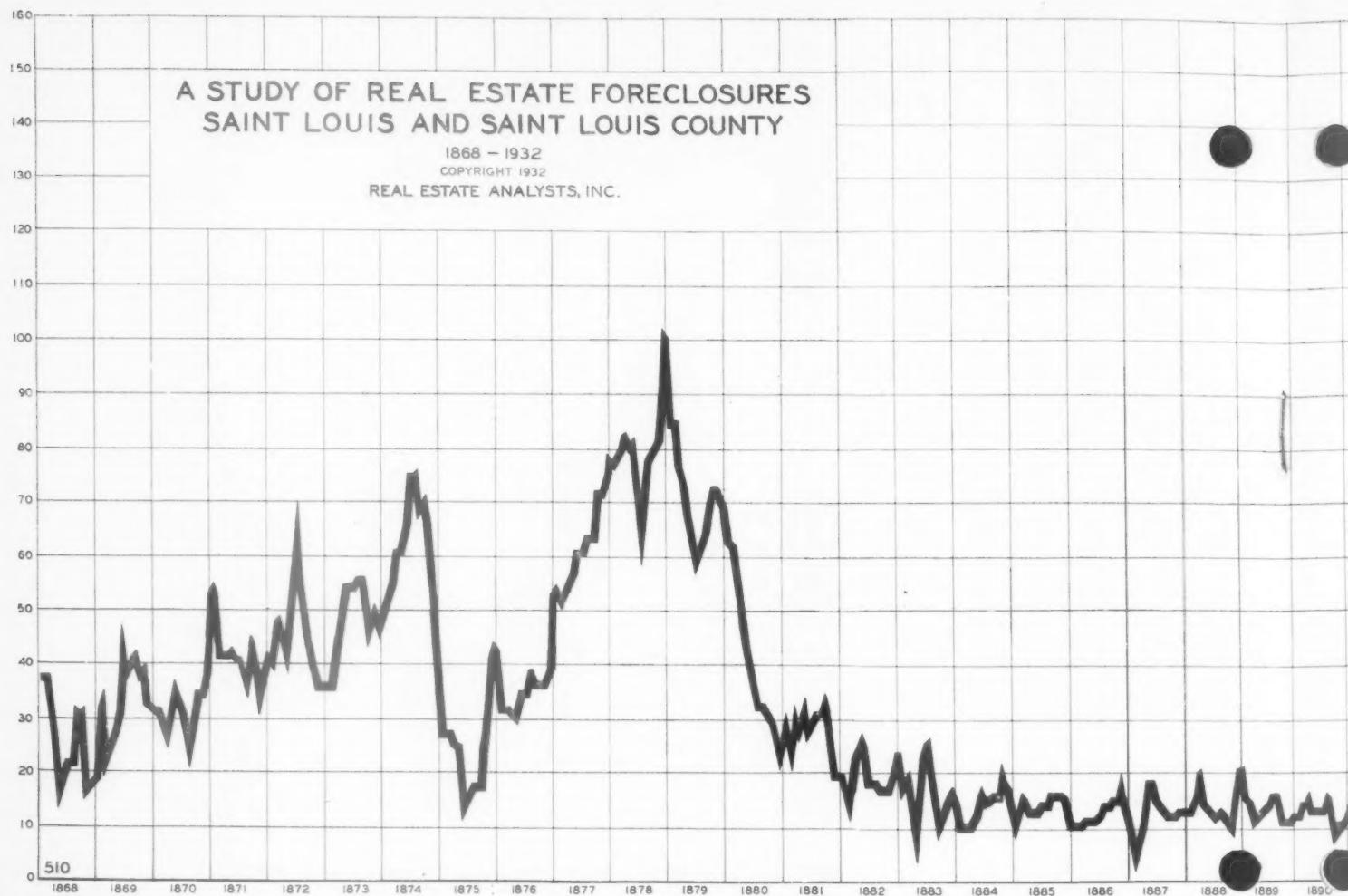
The preparation of an index of this sort is a tremendous job which probably accounts for the fact that it has not been done before on a residential building. There is a monthly index figure given in the Survey of Current Business published by the Department of Commerce of the material cost of a six-room brick residence. Correspondence has developed the fact that this index is based on the fluctuation in price of eleven items. Peculiarly, three of the eleven items are constituents of paint, - white lead, linseed oil and zinc oxide. The total cost of all paint material used in this house is considerably below forty dollars.

More peculiarly, millwork, plumbing, heating and wiring are entirely omitted although the combined costs of their materials totals a few dollars under a thousand. It is true that the Department issues a separate index for plumbing but even a trained statistician would find it difficult to combine the two indexes in a way that the combined result would come anywhere close to the actual fluctuation in cost of their doorless, windowless, heatless, wireless house.

The general specifications of the residence we have used are given below:
FOUNDATION - stone; WALLS - variegated matt brick, backed with 5 x 8 x 12 tile;
ROOF - composition strip shingles; SHEET METAL WORK and FLASHING - 26 gauge galvanized iron; SASH - wood; DOORS - exterior, 1-3/4" fir - interior, 1-3/4" 8-panel maple; SCREENS - copper; JOISTS - 1st floor, 2 x 10 - 16" on center - 2nd floor, 2 x 10; ROOF RAFTERS - 2 x 6 - 18" on center; STUDDING - 2 x 4; INTERIOR TRIM - yellow pine, ivory enamel; PLASTER - 3 coats on wood lath; FLOORS - basement, cement - bath, flint tile - kitchen, oak - others, first grade 25/32" oak; INTERIOR WALLS - bath, ceramic tile - kitchen, plastered and painted - bedrooms, white finish plaster - livingroom, diningroom and hall, tinted sponged texture; PLUMBING FIXTURES - tub, 60" full roll with apron and shower - lavatory, pedestal - toilet, high grade

(continued on page 66)





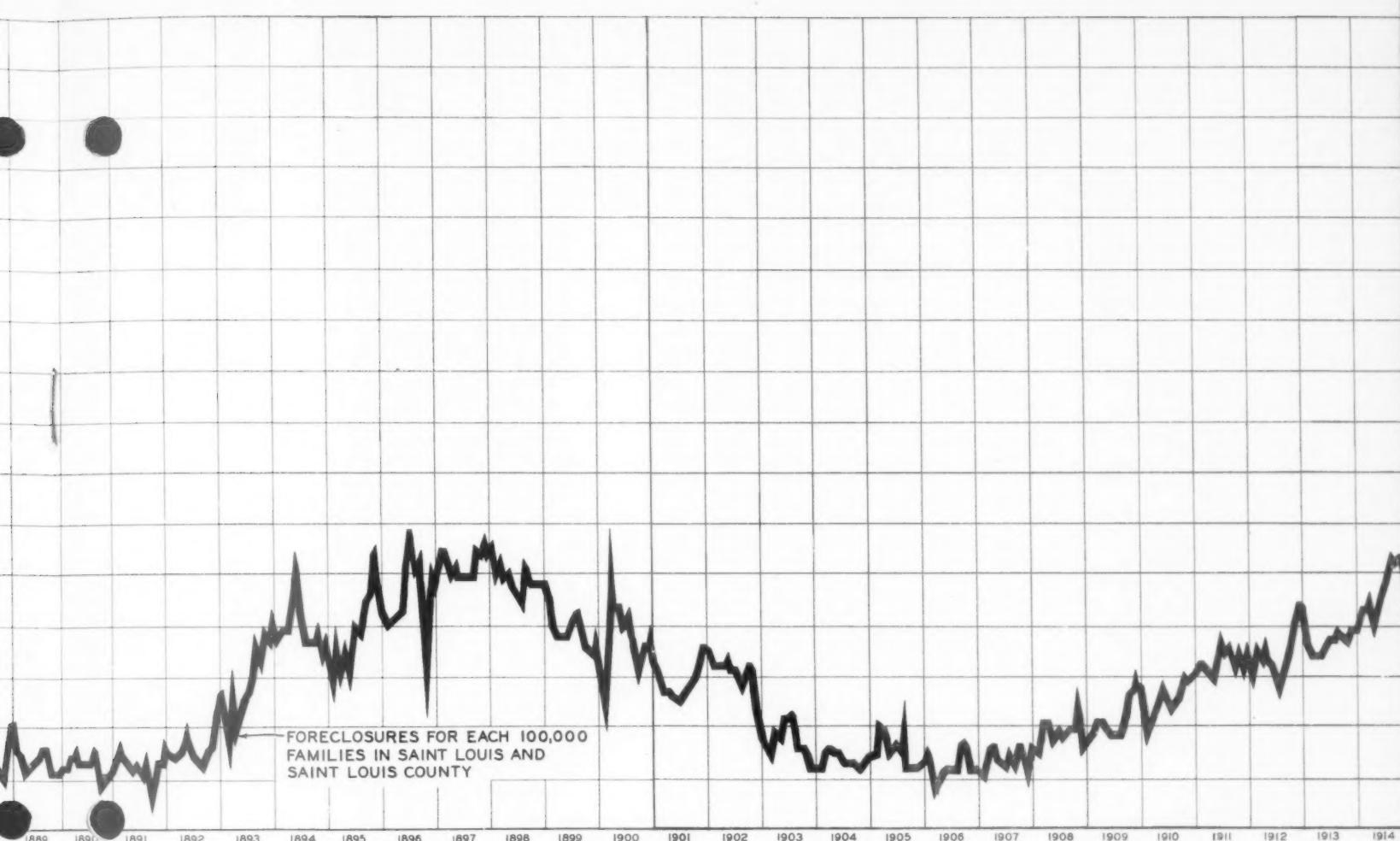
THE chart above shows the number of foreclosures per month for each one hundred thousand families in Saint Louis and Saint Louis County from 1868 to the present. It will be noticed that the current level of foreclosures is more than a third higher than it has ever been before. It is more than twice as high as it was at any time during the depression of the nineties or during the early war depression from 1915 to 1919.

The debt problem is the outstanding problem before the world today. Debts, private, corporate and government, are the only things which stand in the way of recovery.

No one can find the way to pay debts contracted prior to 1930 with today's money which, on the average, costs 45% more services, rents or commodities to earn. As long as prices continue to drop, that is, as long as it takes more services, rents or commodities to earn a certain amount of money, heavy liquidation of debt through bankruptcies and foreclosures will continue. When debts have been reduced, either through payment or foreclosure, to the point where they are more in line with present prices, or when prices can be brought to a point where they are more in line with debts, foreclosures will drop.

We believe that the foreclosure line is the most significant of all of our barometers at the present time. In the past when foreclosures dropped, real estate activity increased rapidly. This was true in 1879, in 1901 and again in 1919.

WATCH FORECLOSURES!



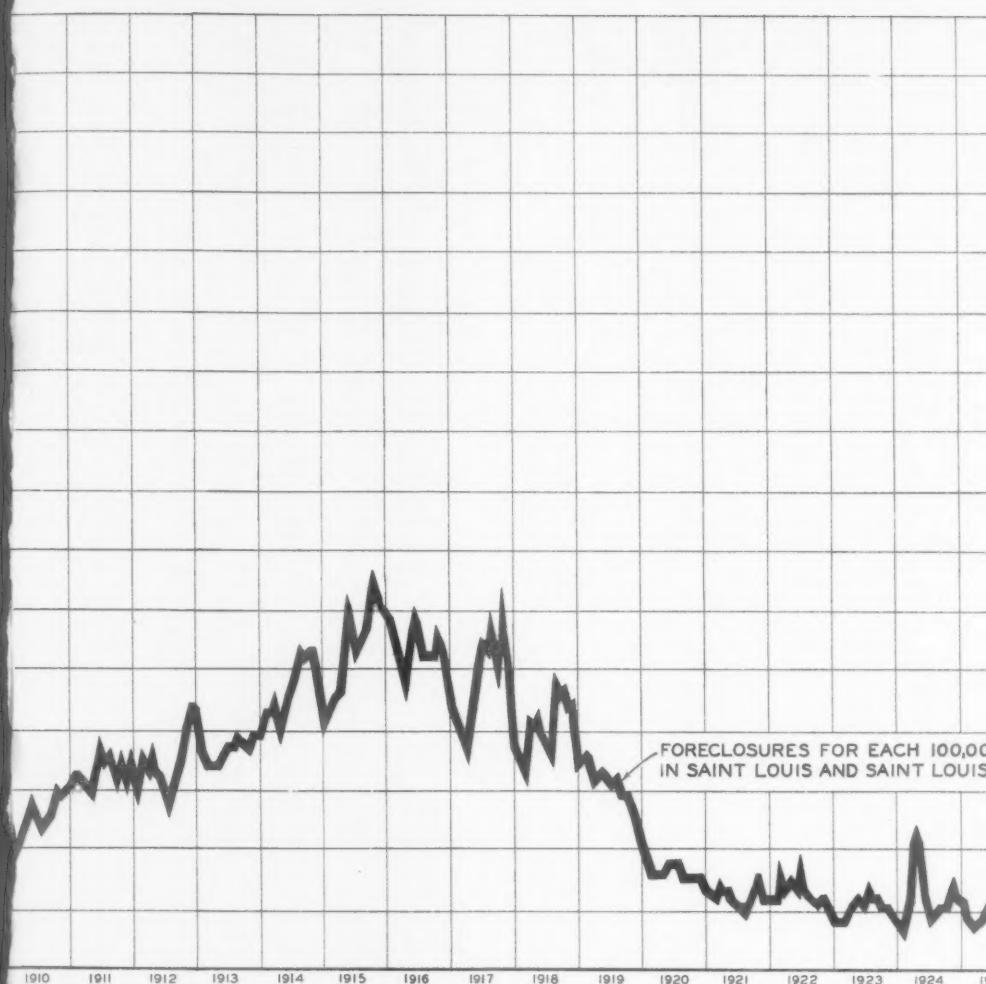
(continued from page 62)

vitreous - sink, 60" double drain board, wide apron; ELECTRIC FIXTURES - appropriate to the building; HEATING PLANT, first grade warm air furnace; WATER HEATER - gas copper coil; BUILT-IN FEATURES - cedar closet - ironing board - cupboards in the kitchen, etc; WALKS - cement; REAR DRIVE - macadam; SODDING - entire yard; PLANTING, several trees and appropriate shrubs; GARAGE - in basement; GARAGE DOORS - double swinging.

A number of problems arose in connection with the cost of construction.

I. The first of these is that over a period of time certain changes must be made in the specifications because of changes in materials available and general building practices. In this particular house, in 1900 it was necessary to figure combination fixtures for gas and electric lights, the cost of gas piping, ordinary floors throughout, slate roof, no garage in the basement, stock brick on the front of the house only, salmon backing brick in place of backing tile. The bathroom now presents a totally different appearance than it would in 1900. Within the past year a change in the electrical code has made it necessary to substitute conduit and BX for an ordinary knob and tube job. All of these changes have had their effect on prices, both of material and labor.

II. The second of these problems was the problem of labor cost. As most of the residences of this type being built today are being built "open shop" it was felt that labor costs should be computed on what is actually being paid rather than on some "scale" which, in periods of depression at least, has only a theoretical importance. This complicated the problem tremendously as the "scale" is a matter of record, while non-union rates are not. Tradesmen, contractors and labor agents were consulted in an effort to ascertain divergence



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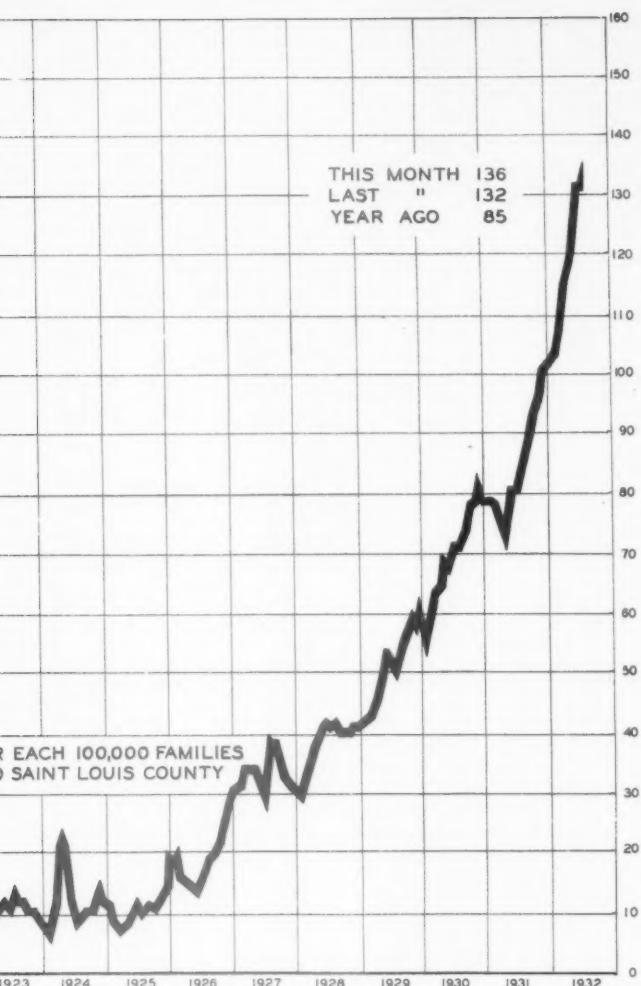
As
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from "scale wages" at different periods. We believe, come very close to those actually given to the variation in efficiency of labor the height of the boom efficiency per man.

III. This particular house, like time, was supervised by the carpenter-builder. For this reason it was included with carpenter work under "Labor" in it more properly belongs. Certain savings be built at one time but we believe that increase the profit item rather than the savings during periods like the present, now considered the rule.

IV. The question of profit has been mine actual profits from contractors on various difficult as comparatively few have had reliable results could be obtained. The figures were obtained after numerous interviews.

V. The figures shown on the table on page 69 do not include the cost of the lot, part of the sale represented by the value of the selling price of the house and lot, add 5% to the total to the building cost figure. It is doubtless been a variation over this period that a desirable lot could be bought.



periods. The rates used for each year, we
use actually paid. Consideration was also
rency of labor at different times. During
ey per man decreased considerably.

ouse, like many of its kind built one at a
enter-builder who also did a large part of
this reason, "general supervision" is in-
"Labor" in place of under "Overhead" where
in savings could be made if a "row" could
eve that the savings made would probably
than the selling price of the house. Also
row construction is the exception rather

profit has been attacked by trying to deter-
tors on various residences. This has been
ave had records so complete that reliable
figures we have used represent our opin-

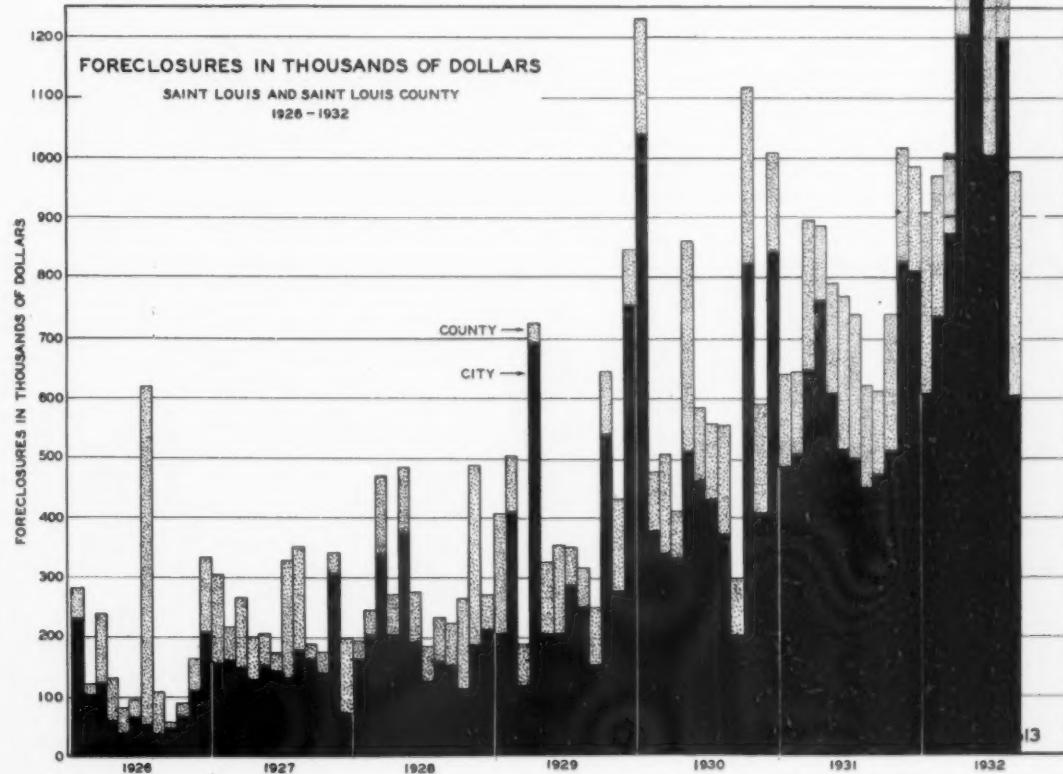
on the table on page 68 and the chart on
of the lot nor the sale commission on that
the value of the lot. To find the total
lot, add $5\frac{1}{4}\%$ to the price of the lot and
st figure given on page 68. There has un-
this period in the price for which a de-

WHILE the number of foreclosures in the city increased during August the amount in dollars decreased sharply. During 1931, this average was \$4004 and during August, 1932 it had dropped to \$2820. In county the average amount has increased. In 1931 it averaged \$1819, during August, 1932 it averaged \$2280. In the city and county combined last year the average amount was \$3110 in comparison with \$2590 for August 1932.

The drop in amount of foreclosures during August is clearly shown in the chart below. The height of the vertical bars in the chart below shows the monthly total in dollars of mortgages foreclosed in Saint Louis and Saint Louis County from January, 1926 to September, 1932. The black portion of each bar represents the total in the city and the gray portion represents the total in the county.

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VARIATIONS IN CONSTRUCTION COST OF A SIX ROOM BRICK RESIDENCE IN SAINT LOUIS

THE chart on the page opposite shows the variations since 1913 in the cost of construction in Saint Louis of the six-room brick residence described and pictured on pages 62 and 63. On the chart the cost is separated into material and labor. The table below itemizes

MATERIAL

1. Cost of face brick, salmon brick, backing tile, flue lining and building stone.
2. Cost of all materials going into mortar, concrete, cement and plaster.
3. Cost of all lumber, flooring, millwork, roofing and paint.
4. Cost of all materials for plumbing, heating, electrical work, sheet metal work, iron work, hardware, tiling and accessories.
5. TOTAL MATERIAL COST.

the material, labor and overhead costs in greater detail. Each column in the table is numbered and a brief description of the items included in each is given in the paragraphs below. Each paragraph is numbered to correspond with the column it describes.

LABOR

6. Cost of setting all stone, laying brick and pouring concrete.
7. Cost of labor on lathing and plastering.
8. Cost of carpentry, roofing, flooring, painting and builder's general supervision.
9. Cost of installing plumbing material and fixtures, wiring, heating plant and sheet metal work.
10. Cost of excavation, grading and landscaping.
11. TOTAL LABOR COST.

12. Cost of all city permits, city inspections, utility connection costs, and architect's fee for drawing plans.

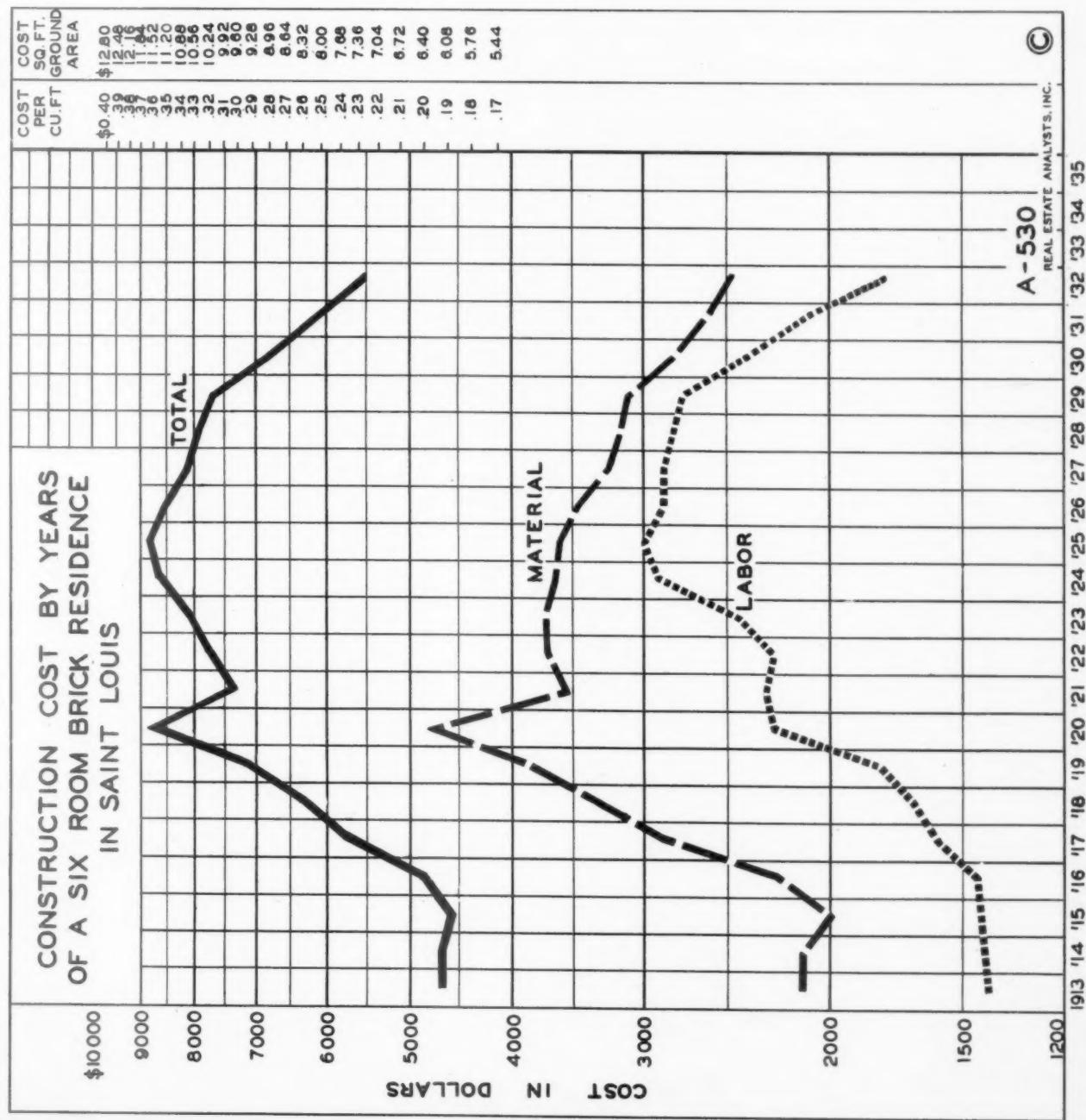
13. Cost of financing, interest during construction, insurance and sales commission on the building only.

14. Estimated profit made by the builder.

15. TOTAL OVERHEAD COST.

16. TOTAL COST OF CONSTRUCTION.

YEAR	MATERIAL				LABOR				OVERHEAD				TOTAL 16		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1932	\$572	\$281	\$918	\$711	\$2482	\$411	\$832	\$135	\$273	\$123	\$1774	\$218	\$626	\$450	\$1294
1931	638	256	956	764	2614	501	970	158	332	140	2101	214	653	500	1367
1930	660	294	1081	809	2844	572	1132	183	334	185	2406	250	746	600	1596
1929	665	331	1269	851	3116	582	1395	240	335	204	2756	267	814	750	1831
1928	692	331	1231	929	3183	621	1395	275	337	197	2825	267	870	850	1987
1927	708	337	1185	1032	3262	641	1398	300	347	197	2883	275	884	900	2059
1926	717	333	1354	1055	3449	646	1398	300	354	197	2895	282	934	1000	2216
1925	725	358	1462	1091	3636	675	1400	350	385	197	3007	290	959	1000	2249
1924	783	375	1412	1065	3655	625	1385	350	346	197	2903	287	949	900	2136
1923	867	370	1552	1086	3745	490	1168	300	316	179	2453	275	906	800	1981
1922	846	357	1477	954	3724	471	1060	300	277	160	2268	267	862	700	1829
1921	791	407	1322	1044	3564	453	1152	290	262	160	2317	264	841	500	1605
1920	1053	451	2084	1239	4827	443	1152	270	248	160	2273	307	972	500	1779
1919	787	388	1739	959	3873	403	775	270	231	123	1802	256	796	500	1552
1918	689	332	1348	967	3336	358	719	260	212	123	1672	232	735	450	1417
1917	618	268	1081	927	2894	352	671	250	211	111	1595	212	661	450	1323
1916	455	217	867	716	2255	322	580	250	202	111	1465	185	558	450	1193
1915	411	228	819	578	2036	310	578	250	195	111	1444	177	526	450	1153
1914	524	227	833	552	2136	313	577	250	183	111	1434	181	530	450	1161
1913	433	226	860	613	2132	306	575	250	183	111	1425	181	530	450	1161



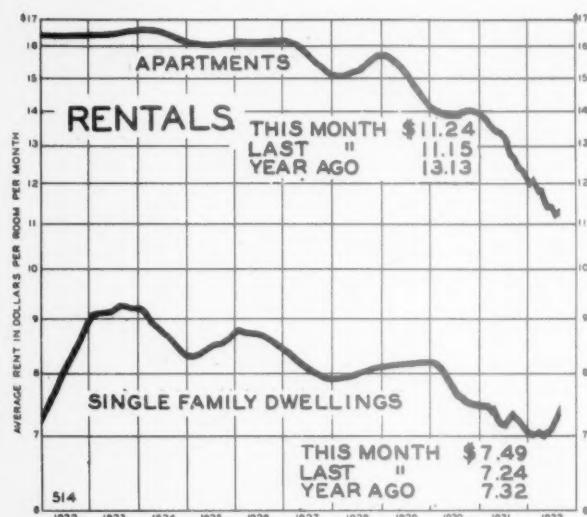
The "total" line shows the total cost of construction by years, of building the six-room brick residence described and pictured on pages 62 and 63. This includes all labor and material and, in addition, architects' fees, financing costs, insurance and interest during construction and sales commission, on the building. On the scale to the left of the chart is shown the total cost in dollars. The two scales on the right show the cost per cubic foot and the cost of construction per square foot of ground area.

The "material" line shows the total cost each year of all the building materials used in the construction of this building.

The "labor" line shows the total labor cost (open shop) of building this residence each year from 1913 to the present.

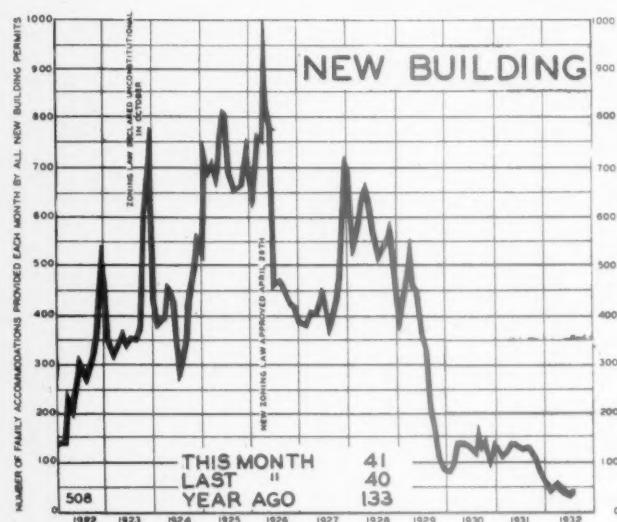
NOTE: These figures do not include the cost of the site but do include the cost of walks, sodding and landscaping - in other words, everything with the exception of the land itself.

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REAL ESTATE ANALYSTS, INC. **(C)**



AVERAGE asking rentals for apartments increased nine cents a room during August. This is a reversal of the steady downward trend of this index which has been quite consistent since January, 1931. Only once before during this period, in February, 1932, did apartment rentals go up an appreciable amount.

Average asking rentals for single family dwellings increased for the third consecutive month. The gain of twenty-five cents a room is the largest gain by far in the past few years. This index is now seventeen cents a room higher than it was a year ago. Part of this gain is due to the almost complete absorption of low priced single family dwellings, leaving only the higher priced ones still on the market.



NEW building for August showed little change from the preceding months. We are dragging along on the bottom with no immediate relief in sight as far as new building goes. This is fortunate for the owners of real estate as each new accommodation built at the present time increases the number of vacancies already existing and further depreciates values. A careful check has been made during the month of the number of living quarters being destroyed in connection with the Market Street widening. An exact number cannot be given as it is frequently impossible to tell the number of families normally provided for in some of the older buildings. Our study would indicate approximately 245 families dehoused. Each building wrecked reduces the number of vacancies.



MARRIAGES during August showed no great change in comparison with the first seven months of the year. The August total was 52.2% below the number we would ordinarily expect in a city the size of Saint Louis.

Marriages dissolved by death or divorce during August exceeded new marriages by 119. This is some improvement in comparison with July when the figure was 295.